



CITY OF FREDERICKSBURG, VIRGINIA

ORDINANCE NO. 02-04

AN ORDINANCE CREATING THE CELEBRATE VIRGINIA
SPECIAL SERVICE DISTRICT TO PROVIDE ADDITIONAL,
MORE COMPLETE, OR MORE TIMELY GOVERNMENTAL SERVICES
WITHIN SUCH DISTRICT AND ADDING SECTION 17-52
OF THE CITY CODE RELATING THERETO

IT IS HEREBY ORDAINED by the City Council of the City of Fredericksburg, Virginia, as follows:

SEC. I. Background.

The developers of the Celebrate Virginia project ("the Project"), consisting of 411.154 acres on the west side of Interstate Route 95 north of Fall Hill Avenue, have proposed a major tourism campus for said property, consisting of hotels, restaurants, a national slavery museum, and various tourist attractions. In order to facilitate the development of the Project, the owners of said property have requested that the City establish a special service district pursuant to Virginia Code §§15.2-2400, et seq., for the purpose of providing additional, more complete, or more timely governmental services to such district than are desired in the City as a whole.

The Council finds that the Project presents an opportunity for the City to become a major East Coast tourist destination, thereby enhancing the economy of the Fredericksburg region and increasing the City's tax base. The Council further finds that in order to promote such development, the City should create a special service district encompassing that portion of the City directly benefitting from development of the Project. The City intends to levy and collect a special tax on all real property located within such service district in order to provide a revenue source to reimburse the City for the provision of such governmental services. The imposition of such special tax shall be subject to the subsequent approval of Council.

Pursuant to the public notice requirements of Virginia Code §15.2-2400, the City Council held a public hearing on March 12, 2002, to receive citizen comment on the creation of such service district. The purpose of this ordinance is to set forth the name and boundaries of the District and to describe its purposes, the facilities and services to be provided, a proposed plan for providing same, and the benefits to be derived therefrom.

SEC. II. Creation of the Celebrate Virginia Special Service District.

Pursuant to Virginia Code §§15.2-2400, et seq., the City hereby creates a special service district to be known as the "Celebrate Virginia Special Service District" ("the District"). The District shall consist of 411.154 acres, more or less, being shown as "Parcel PA" (372.989 acres) and "Parcel C" (38.165 acres) on the drawing entitled, "Celebrate Virginia Special Service District, 411.154 Acres" (two sheets), dated January 22, 2002, and revised as of March 6, 2002, prepared by Reid, Bagby & Caldwell, P. C., a copy of which is attached hereto as "Exhibit One" and incorporated herein by reference.

SEC. III. Description of Proposed Services; Plan and Benefits.

A. The District is hereby created for the purpose of providing therein the following governmental services authorized under Virginia Code §15.2-2403(1) and (2):

1. Economic development and promotion of business and retail development services, including demographic, marketing, and similar studies involving the attraction of hotels, museums, and other tourism-related businesses to the District;
2. The promotion of recreational, cultural, and educational activities within the District;
3. Transportation and transportation services, including traffic studies and the development of a transportation plan to serve the District and to link the same with downtown Fredericksburg, hotels, and other tourist attractions within the region;
4. The design of a public loop road within the District;
5. The design of public parking areas within the District;
6. The design of public utilities within the District, including water, sanitary sewer, storm sewer, electric, gas, telephone, and cable television; and
7. An environmental and cultural resource assessment of the District and the development of a comprehensive plan to protect natural resources within the District and to minimize any adverse impacts of development within the District on such resources, including the Rappahannock River.

B. Notwithstanding the foregoing paragraph, the District shall not be utilized, nor shall any taxes imposed hereunder be expended, for schools, police, or other general governmental services, nor for the architectural design, construction, operation, or maintenance of any privately owned building or structure within the District.

C. The City intends to enter into a contract with The National Slavery Museum, a private non-profit organization, for the provision of all or a majority of the services set forth above. The City further intends to finance the aforementioned services by utilizing cash from its general fund balance for the fiscal year ending June 30, 2001, and from the FY 2002 budget and to recoup such expenditures, plus interest,

by levying a special tax annually on all real property located within the District.

D. The creation of the District and the provision of the aforementioned services will benefit the businesses and property owners within the District by accelerating the development of one or more tourist attractions and new businesses within the District. In addition, it will benefit the City generally through enhanced economic development of the District and adjacent properties and by the attraction of tourists to the Fredericksburg region.

SEC. IV. City Code Amendment.

Chapter 17 of the City Code is hereby amended by the addition of the following language after Section 17-51:

**"Sec. 17-52. Celebrate Virginia Special Service District;
special tax.**

a. The Celebrate Virginia Special Service District, established pursuant to Ordinance No. 02-04 and adopted by City Council on March 25, 2002, shall consist of 411.154 acres, more or less, located on the west side of Interstate Route 95 north of Fall Hill Avenue, and more particularly described in said ordinance, which may be hereafter amended from time to time by the Council. The purpose of such district shall be to facilitate the development of the Celebrate Virginia project by providing additional, more complete, or more timely governmental services for such district than are desired in the City as a whole.

b. There shall be levied and collected on all real estate located within the boundaries of said service district a special tax for each fiscal year, beginning on July 1, 2002, for each one hundred dollars (\$100.00) of assessed valuation on such property, at a rate to be established by ordinance.

c. All taxes levied pursuant to this section shall be added to the general real estate levy for all real property located within said service district and shall be subject to all other provisions of this chapter, mutatis mutandis.

d. All revenues from the special tax collected pursuant to this section shall be segregated and expended only to finance the governmental services provided within said service district, as set forth in Ordinance No. 02-04."

SEC. V. Effective Date.

This ordinance shall be effective immediately.

First reading: February 12, 2002 Second reading: March 26, 2002

Approved as to form:

DM Pates 4/1/02
James M. Pates, City Attorney

CERTIFICATION:

I, the undersigned, certify that I am Clerk of Council of
the City of Fredericksburg, Virginia, and that the
foregoing is a true copy of Ordinance 02004
adopted at a City Council meeting held 3/26/02
at which a quorum was present and voted.
Deborah H. Ratliff
Deborah H. Ratliff, Clerk of Council

ord.service.celebrate.5



CITY OF FREDERICKSBURG, VIRGINIA

**AGREEMENT FOR THE
PROVISION OF GOVERNMENTAL SERVICES**

THIS AGREEMENT, dated this 29th day of March, 2002, by and between **THE NATIONAL SLAVERY MUSEUM**, a Virginia non-profit corporation, c/o H. Louis Salomonsky, Esquire, 1553 East Main Street, Richmond, Virginia 23219 ("the Museum"), and the **CITY OF FREDERICKSBURG, VIRGINIA**, a municipal corporation ("the City").

WITNESSETH:

WHEREAS, the owners of all that certain tract of land, consisting of 411.154 acres, more or less, known generally as the Celebrate Virginia project and located on the west side of Interstate Route 95 north of Fall Hill Avenue, seek to develop a major East Coast cultural and tourist destination on said property, consisting of hotels, restaurants, museums, and other cultural and tourist attractions, and

WHEREAS, the proposed centerpiece of said development will be the establishment and construction of a national-caliber museum to portray the international history and legacy of slavery in America, and

WHEREAS, the City Council has expressed its support for said development and for the slavery museum, in particular, and

WHEREAS, on March 12, 2002, the City Council of the City of Fredericksburg, Virginia, pursuant to Virginia Code §§15.2-2400, *et seq.*, adopted Ordinance No. 02-04, creating the Celebrate Virginia Special Service District ("the District"), consisting of said 411.154 acres, for the purpose of

providing additional, more complete, or more timely governmental services to the District and thereby facilitating the economic development of said project in the City, and

WHEREAS, by deed dated February 22, 2002, and recorded as Instrument No. 020000459 among the land records of the Circuit Court of the City of Fredericksburg, Virginia, the Museum acquired approximately 38 acres of said 411.154-acre development for the purpose of constructing the slavery museum thereon, and

WHEREAS, the City seeks to provide certain economic development and other services to the District, as more fully set forth herein, which the Museum has agreed to provide, and

WHEREAS, the Museum, in appreciation for the City's support of the slavery museum, plans to provide other services and benefits to the citizens of City as a whole, at no cost to the City, and

WHEREAS, the Museum and the City desire and intend to enter into this Agreement to set forth their mutual agreements regarding the aforementioned services and donations to be provided by the Museum to the City.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Governmental Services to be Provided by the Museum.**

A. The Museum shall provide the following additional, more complete or more timely governmental services ("Governmental Services") to the City for the benefit of the District:

1. The Museum shall, within one hundred eighty (180) days of the execution of this Agreement, establish an office within the City of Fredericksburg and hire staff persons to provide or facilitate the provision of services set forth in this Paragraph. The Museum shall operate and maintain

such office within the City throughout the term of this Agreement.

2. The Museum shall develop and conduct demographic, marketing, and similar studies for the purpose of developing a national slavery museum and related attractions, hotels, businesses, and other improvements within the District that will attract a significant number of tourists to the City. The Museum will coordinate such studies with the City, various tourist-related organizations, and other local governments in order to promote tourism and economic development throughout the Fredericksburg area.

3. The Museum shall develop and implement a plan for the promotion of tourist, cultural, and educational projects, programs, events, and activities for the District.

4. The Museum shall undertake traffic and other transportation studies to analyze and develop a transportation plan to serve the District and to link the same with downtown Fredericksburg, hotels, and other tourist attractions within the region.

5. The Museum shall develop and prepare preliminary plans for all or a portion of the following facilities: a public loop road within the District; public parking facilities within the District; and public utilities within the District, including water, sanitary sewer, storm sewer, electric, gas, telephone, and cable television.

6. The Museum shall undertake environmental and cultural resource assessments of the District and develop a comprehensive plan to protect natural resources related to the District and to minimize any adverse environmental impacts of the Celebrate Virginia project on such resources, including the Rappahannock River.

B. The parties agree that said Governmental Services shall not include the architectural design, construction, operation, or maintenance of any privately owned building or structure within the District.

2. **Contract Price.** In consideration for the aforementioned Governmental Services, the City hereby agrees to pay the Museum the sum of ONE MILLION AND NO/100 DOLLARS

(\$1,000,000.00) cash, payable in three (3) installments, as follows:

On or before March 31, 2002: \$500,000.00

On or about June 30, 2002: \$250,000.00

On or about September 30, 2002: \$250,000.00.

3. **Schedule and Scope of Work; Term.**

A. The Museum shall perform the Governmental Services in accordance with a Schedule and Scope of Work to be provided by the Museum to the City no later than twelve (12) months from the date of this Agreement, and shall be periodically updated thereafter. All such Governmental Services shall be completed within three (3) years of the date the final \$250,000.00 payment is received by the Museum, as provided in Paragraph 2, unless otherwise agreed to in writing by the City Council and the Museum. In the event that all of such Governmental Services have not been completed, as provided herein, by the end of such three-year period, the Museum shall return to the City any unused portion of the Contract Price.

B. The term of this Agreement shall extend for a period of three (3) years from the date of the final payment by the City to the Museum, as set forth above.

4. **Separate Funds.** The Museum agrees that it shall segregate and account for all funds received from the City as part of the Contract Price separately from all other funds received by the Museum and shall ensure that such funds are expended solely to provide the Governmental Services set forth in Paragraph 1 above.

5. **Annual Report.** Within ninety (90) days of the end of each fiscal year of the Museum during the term of this Agreement, the Museum shall provide the City with (i) a narrative report of all Governmental Services provided by the Museum pursuant to this Agreement during the just-completed fiscal year, (ii) a report of all expenditures made by the Museum in performance of said Governmental Services for such 12-month period, and (iii) a copy of the Museum's federal tax return for such year.

6. **Default and Termination.** In the event that either party should default in any of its

obligations under the terms of this Agreement, the non-defaulting party shall provide written notice thereof by first class mail, return receipt requested, to the other party, setting forth the terms of the breach and giving the defaulting party not less than thirty (30) days to cure the same. If the defaulting party fails to cure such breach within the 30-day period, the non-defaulting party shall be entitled to terminate this Agreement and seek any remedies to which it is entitled in law or equity.

7. **Other Services to be Provided by the Museum to the City.**

A. The Museum further agrees, separate and apart from the agreement for Governmental Services set forth above, to provide, without any consideration or remuneration of any kind, the following services to the City of Fredericksburg and its citizens as a whole;

1. Free admission to the proposed slavery museum for all City residents during the first three (3) years from the date such museum opens to the public;
2. Free use of the slavery museum's library and archives by teachers in the City's public school system;
3. Tour and visitation programs provided by the slavery museum to the City's public school classes; and
4. When available, use of auditorium space at the slavery museum by City government and civic organizations at reduced rental charges during the first three (3) years from the date the museum opens to the public.

B. The parties further agree that the Museum shall not use any portion of the \$1,000,000 Contract Price provided under Paragraph 2 above to pay for (or otherwise defray the cost of) any of the services provided pursuant to this Paragraph.

8. **Miscellaneous.**

A. **Effective Date.** The effective date of this Agreement shall be the latest of the dates on which this Agreement is signed by all parties.

B. Authorization and Execution; Enforceability. The parties to this Agreement each represent and warrant to the other that this Agreement has been duly authorized by all necessary action, has been duly executed and delivered and constitutes the valid and binding agreement of the respective parties and is enforceable in accordance with its terms. There is no other person or entity whose consent is required in connection with the parties' performance of their obligations under this Agreement other than the respective parties to this Agreement.

C. Successors and Assigns. This Agreement shall bind and inure to the benefit of the parties to this Agreement and their respective successors, assigns, devisees, heirs and personal representatives.

D. No Partnership. This Agreement does not and shall not be construed to create a partnership or joint venture between the parties.

E. Completeness; Modification. This Agreement and the aforementioned ordinance shall constitute the entire agreement between the parties hereto with respect to the contemplated transactions. There are no provisions, agreements, conditions, undertakings, warranties or representations, oral or written, express or implied, between the parties relating to this subject matter, other than as set forth in this Agreement. This Agreement is intended by the parties to be an integration of all prior and contemporaneous promises, warranties, agreements, conditions, negotiations and undertakings between them. This Agreement may be modified only by a written instrument duly signed by both parties to this Agreement. For purposes of construction, this Agreement shall be deemed written by all the parties to this Agreement and any ambiguity shall not be construed against any one party to this Agreement.

F. No Waiver. No failure of either party to exercise any right or power given that party under this Agreement, and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver of each party's right to demand exact compliance with the terms of

this Agreement. No waiver of any provision of this Agreement shall be deemed to have been made unless made in writing and signed by the party against which it is sought to be enforced.

G. Notices. Any notice, request or demand required or permitted to be given pursuant to this Agreement shall be in writing and shall be deemed sufficiently given if delivered by hand to the intended recipient, or deposited in the United States mail (registered or certified, with return receipt requested), postage prepaid, addressed to the intended recipient at the intended recipient's address set forth below, or at such other address as the intended recipient may have specified in a written notice to the sender given in accordance with the requirements of this section. Any such notice, request or demand so given shall be deemed given on the business day it is hand delivered at the specified address during normal working hours, or two days after the day of deposit in the United States mail, as the case may be.

For the Museum: The National Slavery Museum
 c/o H. Louis Salomonsky, Esquire
 1553 East Main Street
 Richmond, Virginia 23219

with a copy to: Francis A. McDermott, Esquire
 Hunton & Williams
 1751 Pinnacle Drive, Suite 1700
 McLean, Virginia 22102

For the City: City Manager
 City of Fredericksburg
 P. O. Box 7447
 Fredericksburg, Virginia 22404.

H. Virginia Law. This Agreement shall be executed, construed and enforced in accordance with Virginia law, without reference to conflicts of laws principles. Any action brought to enforce or interpret the terms of this Agreement shall be subject to the exclusive jurisdiction of the Circuit Court of the City of Fredericksburg, Virginia.


CITY OF FREDERICKSBURG, VIRGINIA,
A municipal corporation

BY:  (SEAL)
Marvin S. Bolinger, City Manager

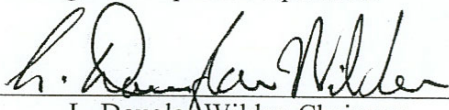
ATTEST:



Deputy City Clerk

Approved as to form:

 3/28/02
James M. Pates, City Attorney

THE NATIONAL SLAVERY MUSEUM,
A Virginia nonprofit corporation

BY:  (SEAL)
L. Douglas Wilder, Chairman
Board of Directors

My Commission Expires:
10-31-05
Joye B. M. 



CITY OF FREDERICKSBURG, VIRGINIA

ORDINANCE NO. 02-12

AN ORDINANCE ESTABLISHING A SPECIAL TAX ON ALL REAL PROPERTY LOCATED WITHIN THE CELEBRATE VIRGINIA SPECIAL SERVICE DISTRICT

IT IS HEREBY ORDAINED by the City Council of the City of Fredericksburg, Virginia, as follows:

SEC. I. Background; purpose and intent.

On March 26, 2002, the City Council of the City of Fredericksburg adopted Ordinance No. 02-04, establishing the Celebrate Virginia Special Service District ("the District") for the purpose of providing additional, more complete, or more timely governmental services to the District than are desired for the City as a whole. The District consists of 411.154 acres, more or less, located on the west side of Interstate Route 95 north of Fall Hill Avenue.

Ordinance No. 02-04 further provides that the cost of the services being provided by the City to the District, plus interest, shall be repaid through a special tax or surcharge levied on all real property lying within the District that is subject to taxation by the City. Such surcharge shall be added to, and collected in the same manner as, the real estate taxes normally assessed upon such property.

The purpose of this ordinance is to impose such special tax on all real property located within the District to reimburse the City for the cost of providing such services to the District. Pursuant to the public notice requirements of Virginia Code §58.1-3007, the City Council has this date held a public hearing to receive citizen comment on the imposition of such special tax.

SEC. II. Imposition of Special Tax on Real Property Located Within the District.

Pursuant to City Code Section 17-52, there shall be levied and collected on all taxable real estate lying within the boundaries of the District a special tax for the fiscal year beginning July 1, 2002, and continuing for each fiscal year thereafter, at a rate of \$.75 for each one hundred dollars (\$100.00) of assessed valuation on such property.

SEC. III. Effective Date.

This ordinance shall be effective immediately.

First reading: May 14, 2002 Second reading: May 28, 2002

Approved as to form:

James M. Pates 5/30/02
James M. Pates, City Attorney

CERTIFICATION:

I, the undersigned, certify that I am Clerk of Council of
the City of Fredericksburg, Virginia, and that the
foregoing is a true copy of Ordinance 02-13 duly
adopted at a City Council meeting held 5/28/02
at which a quorum was present and voted.

Deborah H. Ratliff
Deborah H. Ratliff, Clerk of Council



CITY OF FREDERICKSBURG, VIRGINIA

ORDINANCE NO. 03-14

**AN ORDINANCE SETTING THE ANNUAL TAX SURCHARGE
RATE AT \$1.18 PER EVERY \$100.00 OF ASSESSED
VALUE OF REAL ESTATE LOCATED WITHIN THE CELEBRATE
VIRGINIA SPECIAL SERVICE DISTRICT FOR FISCAL
YEAR 03-04 AND SUBSEQUENT YEARS**

IT IS HEREBY ORDAINED by the City Council of the City of Fredericksburg, Virginia, as follows:

SEC. I. Background; purpose and intent.

On March 26, 2002, the City Council of the City of Fredericksburg adopted Ordinance No. 02-04, establishing the Celebrate Virginia Special Service District ("the District") for the purpose of providing additional, more complete, or more timely governmental services to the District than are desired for the City as a whole. The District consists of 411.154 acres, more or less, located on the west side of Interstate Route 95 north of Fall Hill Avenue.

Ordinance No. 02-12 subsequently set an annual tax surcharge rate of \$0.75 for each one hundred dollars (\$100.00) of assessed valuation of all real property lying within the District subject to taxation by the City.

The City finds that it is in the public interest to adjust said special tax surcharge in order to recover more quickly the City's investment in the provision of services to the District. The purpose of this ordinance is to increase said surcharge rate to \$1.18 for fiscal year 2003-04 and subsequent years.

SEC. II. Special Real Estate Tax Levied Within the Celebrate Virginia Special Service District.

Pursuant to City Code Section 17-52, there shall be levied and collected on all taxable real estate lying within the boundaries of the District a special tax for the fiscal year beginning July 1, 2003, and continuing for each fiscal year thereafter until modified by Council, at a rate of \$1.18 for each one hundred dollars (\$100.00) of assessed valuation on such property.

SEC. III. Effective Date.

This ordinance shall be effective immediately.

First reading: June 10, 2003 Second reading: June 24, 2003

Approved as to form:

James M. Pates 7/9/03
James M. Pates, City Attorney

CERTIFICATION:

I, the undersigned, certify that I am Clerk of Council
of the City of Fredericksburg, Virginia, and that the
foregoing is a true copy of Ordinance 03-14
duly adopted at a City Council meeting held
6/24/03 at which a quorum
was present and voted.

Deborah H. Naggs
Deborah H. Naggs, CMC
Clerk of Council



TELLING THE
COMPLETE STORY

**United States National
Slavery Museum**

COMMEMORATING ———
— UNDERSTANDING ———
— OVERCOMING

November 8, 2005

Mr. Phillip L. Rodenberg
City Manager
715 Princess Anne Street
Room 203
Fredericksburg, VA 22404-7447

Dear Mr. Rodenberg:

The United States National Slavery Museum submits the final report to the city of Fredericksburg for a loan of \$1,000,000.00. Please find enclosed a two-page narrative, a breakdown of expenditures, and a letter from museum's accounting firm verifying that the loan from the city has been spent.

Thank you.

Sincerely,

Vonita W. Foster

Vonita W. Foster
Executive Director

Enclosures

**United States National
Slavery Museum**

1320 Central Park Boulevard
Suite 251
Fredericksburg, Virginia 22401
tel: 540.548.8818
fax: 540.548.8977
www.usnsm.org





**KEITER, STEPHENS,
HURST, GARY & SHREAVES**
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November 8, 2005

Mr. Phillip L. Rodenberg, City Manager
715 Princess Anne Street, Room 203
Fredericksburg, VA 22404-7447

RE: The National Slavery Museum
EIN # 54-1687862

Dear Mr. Rodenberg,

This letter is in reference to funds received by the National Slavery Museum from the City of Fredericksburg. Our records indicate that expenditures from the City of Fredericksburg Grant Fund totaled \$754,353 for 2005. The balance of the City of Fredericksburg Grant Fund was being maintained in a separate bank account at Wachovia Bank. All funds have been expended from this account and the current balance is zero. If you have any questions, please contact me at (804) 273-6238.

Sincerely,



John Kent, CPA

FINAL REPORT TO THE CITY OF FREDERICKSBURG ACCOUNTING OF LOAN IN THE AMOUNT OF ONE MILLION DOLLARS

The United States National Slavery Museum received a loan of one million dollars from the city of Fredericksburg in three installments commencing March 31, 2002 and ending September 30, 2002. The Museum performed Governmental Services agreed upon in the document signed by the city of Fredericksburg and the United States National Slavery Museum.

Governmental Services

1. The museum established an office within the city of Fredericksburg and hire staff persons within 180 days of the execution of the Agreement. The museum has operated and maintained office within the city and completed the museum strategic plan. Total amount spent from 2002 through 2005 - \$547,760.79.
2. The museum developed and conducted demographic, marketing and similar studies such as front-end evaluation and a preliminary demographic and marketing study for the purpose of assessing the economic impact of the museum on the local community. The cost for the studies - \$10,094.12.
3. The museum developed and implemented cultural, educational projects, programs, events and activities for the district such as major exhibitions at the University of Mary Washington, the main public library, Salem Church Public library and Fredericksburg Public Schools. Collaborated with k-12 teachers, administrators and students in city schools as well as presented to teachers and University of Mary Washington Education majors. The museum also participated in the Department of Education Content Academy and conducted workshops with Social Studies teachers on American slavery. The museum developed lesson plans on American slavery, sponsored a national high school scholarly research competition, developed four educational resources for teachers that align the standards of learning with museum resources and exhibits, developed 2006 Jewel Case Calendar to assist teachers in instructing on American slavery, published museum's newsletter entitled *New World*, museum's concept paper was accepted for the refereed journal, Cardozo Public Law, Policy and Ethics Journal and wrote article for National Council on Public History News. Museum launched Kid's Page on museum's Web Page that included educational games and activities as well as information for youth on American slavery. Moreover, the museum published an activities booklet for grades k-12. The museum designed and produced a traveling exhibit as well as an online exhibit that also has been produced on CD format with the Education Department and Technology staff at the University of Mary Washington. Educational lecture provided to the Tri-County Lead Teachers/Fellows Program (Stafford, Spotsylvania, and Fredericksburg) at the Virginia Historical Society by the museum on the centrality of American slavery. Museum was requested by the University of Virginia Center for Politics on behalf of the Jamestown 400th Commemoration Commission to submit lesson plans on American slavery that were to be evaluated for prospective inclusion

via its "Jamestown—Journey of Democracy" educational website. Approval was received and museum's lesson plans have been included. Museum was requested by National Geographic Society to serve as a consultant on slavery in their special map edition, printed February 2005. The museum was invited by the State Department of Education to serve on a three-person state wide committee to select the teacher of the year for the Commonwealth of Virginia for 2004 and 2005. Content research for museum's master plan that serves as the basis for education outreach in the district was accomplished. Total cost for services was \$182,623.80.

4. The museum performed a traffic study at a cost of \$3,900.00.
5. & 6. The museum developed and prepared preliminary plans, civil plans as well as performed environmental and cultural resource assessments at a cost of \$255,621.45.

Total spent on Governmental Services \$1,000,000.16.

Report to the City of Fredericksburg on \$1,000,000 Loan
March 2002 – September 2005

The 2002 Agreement between the City of Fredericksburg and the United States National Slavery Museum stipulates that the Museum would provide "Governmental Services" to the City for a loan of one million dollars. Listed below is a breakdown of expenditures:

Governmental Services	2002	2003	2004	2005	Total by Year
Promotion cultural GS#3		3,801.08	26,105.38	25,220.14	55,126.60
Educational projects GS#3		8,500.00	16,487.09	16,270.56	41,257.65
Program/Events/Activities GS#3	1,486.83	17,000.00	12,252.72	55,500.00	86,239.55
Studies GS#2 GS#4			5,669.07	8,325.05	13,994.12
Administration/Offices GS#1	47,074.57	57,245.38	50,024.74	393,416.10	547,760.79
District Svcs/Assess GS#5-6				255,621.45	255,621.45
Total by Category per year	48,561.40	86,546.46	110,539.00	754,353.30	1,000,000.16



MEMO: Mayor Thomas J. Tomzak, M. D.
Member of City Council
Phillip L. Rodenberg, City Manager

FROM: Kathleen Dooley, City Attorney

DATE: November 18, 2005

RE: National Slavery Museum Agreement
Dated March 29, 2002

Several of you have inquired into the specifics of the City's agreement with the National Slavery Museum. The agreement is attached for your reference. A brief "Q&A" follows. Based on the following discussion, the City Manager and I recommend that he and the Mayor meet with the Museum Executive Director to discuss the outstanding issues.

Q: Did the City "donate" or "loan" one million dollars to the National Slavery Museum?

A: No. The City and the Museum entered into a contract whereby the Museum would provide certain services to the Celebrate Virginia South Special Tax District. The money the City paid to the Museum for that work is being recouped through the special tax district revenues.

Q: Why was this structure of agreement used?

A: The original concept appears to have been a donation from the City to the Museum. That concept next evolved to one in which revenues from a new Celebrate Virginia South Special Tax District would fund a one million dollar donation from the City to the Museum. The object of the offer of the donation was to secure a guarantee from the Museum that it would locate in Fredericksburg.

Virginia law authorizes cities to create special tax districts for the purpose of providing "additional, more complete, or more timely governmental services to the District." However, according to an opinion from the Virginia Attorney General's

Office, there is no legal authority to collect special tax revenues, and then simply donate them to a private non-profit entity that would locate within the special tax district. On the other hand, the City would have the authority to hire that entity to perform the “governmental services” for which the special tax district would be formed. So the idea of simply donating the special tax district revenues to the Museum was rejected.

In the end, the City and the Museum entered into an agreement under which the Museum would provide additional, more complete or more timely governmental services to the City on behalf of the Celebrate Virginia South special tax district. The City would pay the Museum one million dollars for these services, and then reimburse itself for this amount through the special tax district revenues. This legal structure was adopted in lieu of the proposed donation. Since this was not a donation, the Museum could not use the money to pay for its own use, such as the design, construction, or operation of the museum building, so this restriction on the use of the money was included in the Agreement.

In short, what had begun as a proposed donation from the City to the Museum changed its structure over time. In the end, it was not a simple donation or even a loan to be paid back by the Museum. Instead, the City hired the Museum to undertake certain governmental tasks on behalf of the district. The City put up the money for the accomplishment of these tasks, which will be reimbursed through the special tax district instead of general fund revenues. The governmental tasks would benefit the Museum but also the special tax district as a whole.

Q: Were City general tax revenues paid to the Museum?

A: The City has paid the one million dollars to the Museum from its general revenues. However, that sum will be reimbursed in full, with interest, from the special tax district revenues.

Q: What services did the Museum agree to provide to the Special Tax District?

A: The complete list of tasks is listed on pages 2 and 3 of the agreement. In abbreviated form, the tasks, referred to as “Governmental Services,” included:

1. An office within the City;
2. Marketing study for the Museum and related attractions and hotels;
3. Tourism promotion plan;
4. Traffic studies;
5. Preliminary engineering plans for public infrastructure such as roads and utilities;
6. Environmental and cultural resource assessments.

Note that each of these tasks was intended for the benefit of the special tax district as a whole, but that each task would also advance the planning and preparation of the Museum project. In this way, the City was able to help the Museum with its preliminary

and preparatory work, through the special tax district structure. The Museum, the City, and the special tax district all benefited from the Agreement.

Q: How much did the City pay for these services?

A: The City paid the museum one million dollars in three installments, with all payments being made in calendar year 2002.

Q: What was the deadline for the completion of the work?

A: The work was to be finished by September 30, 2005.

Q: Did the Museum perform all the contracted work in a timely manner?

A: Staff will have to conduct more review of the annual reports to determine whether all of the work has been completed. It would also be helpful to sit down with the Museum Executive Director to review this issue.

Q: How much transparency in the expenditure of the funds did the Agreement require?

A: The Agreement requires the Museum to “segregate and account for all funds” and to “ensure that such funds are expended solely to provide the Governmental Services.” The Museum is required to provide an annual report of all expenditures made by the Museum in performance of the Governmental Services. The Agreement does not state that the City shall be granted access to the books and records of the Museum. It does not state the level of detail to be included in the annual report. Presumably, that level of detail that is sufficient to inform the City that the funds were expended upon the Governmental Services would suffice.

The annual report of expenditures should enable the City to determine, for example, who was hired to do what, when, and for how much compensation. A report stating that Firm X was paid \$Y on date Z for a study of projected traffic volume, for example, would be expected. Or, if Museum staff undertook a particular project, then the annual report might name the project, state that it was handled internally, when it was done, and then state the cost of the project in terms of labor (hours x rate of pay), equipment, and overhead. Again, the Agreement does not set forth the level of detail required in the annual report, so these are simply examples of the type of information that might be expected.

Annual reports of expenditures are attached for your reference.

Q: Does the Agreement give the City the right to obtain copies of the studies, plans, and reports?

A: The Agreement is silent as to the City's right to obtain copies of the studies, plans and reports. It requires the Museum to provide "a narrative report of all Governmental Services" it has undertaken pursuant to the Agreement. This could be read to mean that the City is entitled only to those narrative summaries, and not the plans, studies, or assessments themselves. The Agreement does not contain language typically found in consulting contracts, expressly stating that the City shall own the copyright in and to all works created in the course of the contract. It does not require the delivery of the reports to the City. A full exploration of the copyright issues is beyond the scope of this Q&A.

On the other hand, paragraph H. of the Agreement states that it shall be construed and enforced in accordance with Virginia law. Even without this express statement, the Virginia Freedom of Information Act applies to "public records," which are defined as records "prepared, owned by, or in the possession of a public body [such as the City] or its officers, employees or agents in the transaction of public business." In this case, the studies were not prepared by the City and are not in the City's possession. They may not be owned by the City, due to the copyright ambiguities in the Agreement.

But they could be construed as prepared, owned by, or in the possession of the City's *agent*, the Museum, since the Museum was working for the City, providing "Governmental Services" that the City itself was bound by law to provide to the special tax district. It is easy to conclude that the studies were made in the transaction of public business – another aspect of the definition of a public record -- since they were an obligation of the City to the special tax district, paid for from the special tax district revenues. Thus it is possible that the studies are in fact public records available to the City or to any citizen of the Commonwealth. (See Virginia Freedom of Information Advisory Council Advisory Opinion 37-01, for example.) Additional discussion with the Museum Executive Director could also be helpful in clearing up any ambiguities as to the status of these reports and their availability to the City and the public.

Finally, without resort to the Virginia Freedom of Information Act, and by simple reference to the purpose of the Agreement, it would make sense for the City to have access to the studies. They were done to benefit the special tax district – including the Museum – and to fulfill the City's governmental responsibilities to the special tax district. It would make sense for the City to be able to review the work done in fulfillment of its obligation to the special tax district.

When the structure of the Agreement developed from a simple donation or loan, into a services contract, the nature of the final product changed as well, from private studies done on behalf of a private entity with monies donated to it for its use, to governmental services performed by a private contractor on behalf of a governmental entity.

Q: What is the current status of the Museum's development plans?

A: Council approved the special use permit for the museum in August, 2005. Since then, the museum has submitted its site plan for review.

Q: What additional promises did the Museum make?

A: The Museum agreed to provide free admission to City residents for the first three years in which it is open to the public; to permit free use of the library and archives to City teachers; to provide Museum tours to the City public schools; and to permit use of auditorium space to the City government and civic organizations at reduced charges.

Q: What revenues have been generated by the Celebrate Virginia South Special Tax District?

A: About \$300,000 has been collected from the special tax district as of October 31, 2005. First half tax bills for the 2006 tax year revenues are just now being collected, so this number will increase in the next month. These revenues reimburse the City for the one million dollars it paid the Museum in 2002.

I hope that this information is helpful. I regret that I will not be able to attend your November 22 meeting, and respectfully request that you inform me of any additional questions upon my return to the office November 28th. Thank you.

City of Fredericksburg, Virginia
Schedule of City Payments to the National Slavery Museum
March 28, 2002 - September 25, 2002

<u>Date</u>	<u>Description</u>	<u>Amount</u>
3/28/2002	Initial payment	\$ 500,000.00
6/25/2002	Second payment	250,000.00
9/25/2002	Third & final payment	250,000.00
Total Payments		<u><u>\$ 1,000,000.00</u></u>

City of Fredericksburg, Virginia
Schedule of Celebrate Virginia Special Tax District Revenue Receipts
November 15, 2002 - November 15, 2005

<u>Date</u>	<u>Description</u>	<u>Amount</u>
11/15/2002	1st half fiscal 2003	\$ 10,776.00
5/15/2003	2nd half fiscal 2003	10,776.00
11/15/2003	1st half fiscal 2004	57,883.00
5/15/2004	2nd half fiscal 2004	57,883.00
11/15/2004	1st half fiscal 2005	77,334.00
5/15/2005	2nd half fiscal 2005	77,334.00
11/15/2005	1st half fiscal 2006	177,673.00
Total Special Tax District Revenue		<u>\$ 469,659.00</u>

Note

An additional payment of \$177,673.00 is due on May 15, 2006. The anticipated cumulative Celebrate Virginia Special Tax District revenue collections will total \$647,332.00 by May 15, 2006. The projected full recovery of the \$1,000,000.00 advanced to the National Slavery Museum will occur at some point during the 2007 fiscal year.